

WASHINGTON. D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) released the following statement today regarding a new report released by the Government Accountability Office (GAO) evaluating the condition of the auto-industry and the more than \$80 billion of taxpayer funds that have been “invested” in Chrysler and GM and reporting that “Treasury is unlikely to recover the entirety of its investment in Chrysler or GM, given that the companies’ values would have to grow substantially above what they have been in the past.”

“A bailout that was once characterized by President Obama as an ‘investment’ for taxpayers has become the latest in a long-line of losses being absorbed by the American taxpayers. While the Obama Administration claims to institute a ‘hands-off’ approach to running Chrysler and GM, we are learning that other conditions and motivations are being put ahead of the Administration’s responsibility to protect the taxpayers’ interests.”

[From GAO auto report \(Pages 18 and 19\):](#)

“While Treasury has stated that it plans to manage its investments in Chrysler and GM in a hands-off manner and will not interfere in day-to-day operations of the companies, **Chrysler and GM will be subject to requirements regarding compensation, expenses, and reporting that other auto companies are not.**

For example, as discussed above, each company is subject to certain requirements about the vehicles it is to produce, such as the requirement to produce a portion of its vehicles in the United States. In addition, Chrysler’s shareholders, including Treasury, have agreed that Fiat’s equity stake in Chrysler will increase if Chrysler meets certain benchmarks, such as producing a vehicle that achieves a fuel economy of 40 miles per gallon or producing a new engine in the United States. **Treasury officials stated that they established such up-front conditions not solely to protect Treasury’s financial interests as a creditor and equity owner but also to reflect the Administration’s views on responsibly utilizing taxpayer resources for these companies.**

While Treasury has stated it does not plan to manage its stake in Chrysler or GM to achieve social policy goals, these requirements and covenants to which the companies are subject indicate the challenges Treasury has faced and likely will face in balancing its roles.”

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